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THE TRUTH ABOUT CHINA.

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I.

INTRODUCTORY.

WHAT is the truth about China? We can well imagine those who read the full reports of the Japanese and Chinese Delegates' statements to the newspaper correspondents at Geneva in the European and American Press being really perplexed which to believe. By Baron Hayashi they are told that China is in a state of extreme unrest and lacks a firmly established Central Government; by Mr. Wellington Koo that the disturbances in this country are superficial and local, and that China is on the way to making a success of the first democratic experiment in Asia, and relies on the League of Nations to help her. Similar perplexity must be felt when British newspaper leaders peruse the articles of British Correspondents in China on the one hand, and reports of social gatherings attended by the Chinese Minister to Great Britain and members and ex-members of the British Diplomatic and Consular Service on the other. The newspaper correspondents, who attempt to record the facts as they see them, paint a gloomy picture of the situation in this country. But at gatherings of the China Society and similar organizations the audience appears to be given a very much more optimistic view. A rosy future is painted, and men in whom China herself, and nearly all foreign observers in this country have lost all confidence are lauded as the probable saviours of the nation. Well may the perplexed reader, who has no independent sources of information, ask, with Pilate, "what is truth?" Is the situation out here as hopeless as the newspaper correspondents suggest, or as hopeful as Chinese diplomats maintain? Or does the truth lie half-way between these conflicting statements?

It would require several ponderous volumes, and much more detailed information than we can claim to possess to give a comprehensive survey of the real situation in this country to-day, and we do not propose to attempt it. But there are certain facts which are more or less common knowledge to all who have spent any time in this country recently which may well be placed on record, with our own inferences therefrom. The role of a candid friend is, we know, a thankless one. Smooth words, the suppression of unpleasant details, emphasis on the brighter side of things, are far more welcome. Yet if Europe and America are to spare time and energy from their other numerous preoccupations to assist China, such assistance as they can give can only be wisely directed if it is based upon knowledge. One example will suffice. North China to-day is in the throes of a terrible famine, which threatens the very existence of from fifteen to twenty millions of the population. An S.O.S. call has been sent out to the civilized world for aid. The American Red Cross is appealing for funds to save the famine-stricken Chinese from starvation; the Lord Mayor of London has been asked to open a Mansion House Fund; the Governments of Japan and of India and other British Possessions have been urged to interest themselves in the saving of Chinese lives. But there is not a single well-informed foreigner in this country who would regard with approval, proposals to raise large funds from the charitably minded abroad, and to entrust them to the Peking Government for relief work. What would happen if this were done may not be known in Europe or America, but is fully understood out here by foreigners and Chinese alike. A mere fraction of the money received would be extravagantly expended upon famine relief the balance would simply disappear, some into the pockets of officials entrusted with relief work, some probably in electioneering expenses in the interests of certain political cliques, some in meeting the blackmailing demands of mutinous soldiery. The one, the only way of ensuring honest and economical administration of relief funds and supplies is to entrust them to reputable Sino-Foreign organizations which will account satisfactorily for every dollar expended, and will, with the co-operation of experienced foreigners, chiefly Protestant and Roman Catholic Missionaries, ensure the equitable distribution of foodstuffs and other necessities among those who are actually in need. Information has already reached us from the interior of the heartless traffic in

coupons for supplies that is going on in connection with some of the purely Chinese Relief Organizations.

Chinese who are sent abroad on diplomatic and other Missions, almost invariably display considerable dialectical ability. With tongue and pen they contrive to give most eloquent expositions of the alleged injustices inflicted upon their country by the Foreign Powers. In most cases, however, their audiences or readers have not the foggiest notion of what would be the consequences of yielding to their special pleading. Those to whom they appeal have not before them the actual records of experiments which have disproved the fitness of present-day China to wield the responsibilities her spokesmen seem so eager to assume. They do not understand the complicated nature of many of the problems so glibly expounded by China's advocates. They mistake names for things, definitions for facts, promises for fulfilment.

In his very illuminating articles on his visit to Russia, Mr. H. G. Wells declares that there has been an irreparable break-down, that "the administrative, social, financial and commercial systems" congregated with the Monarchy have fallen down and smashed utterly. That, fortunately, has not happened in China. The social and commercial systems have been affected to an extraordinarily slight degree by the convulsion of 1911, and years of almost incessant civil war. The administrative and financial systems have been seriously impaired but not "smashed utterly." China is sick, it is true, but not sick beyond recovery. No one doubts that she could be restored to vigorous health in a few years if she abandoned quack remedies, an indigestible and extravagant diet, and the pride that prevents her from seeking and acting upon expert advice. She has the population, the natural resources the latent industrial power to enable her to take her rightful place among the nations of the earth. She can rely to a greater degree than ever before upon the goodwill and sympathy of most of the Great Powers. She bears a curious resemblance to a victim of the drug habit, who has not injured her health beyond repair, but who while professing a desire to be cured, refuses to undergo treatment, or to give up the drug to which she is addicted. Neither the League of Nations nor any other association of nations can render China effective aid while she limits her own efforts to protestations of her desire to be cured. Her troubles are not merely superficial; they affect to a greater or less degree, her whole system. And whether she

is able to make a rapid recovery will depend not alone upon external aid, which she can always obtain, upon reasonable terms, for the asking, but also upon her own conscious efforts to rid herself of her ailments. There are signs that the "will to recover", is spreading throughout the country, but it has not yet acquired sufficient dynamic force to prove a decisive factor. Meanwhile, an attempt to reveal the truth is likely to stimulate rather than hinder her recovery, inasmuch as sympathy which she has had in almost too full measure during the past few years, tends to flatter her self-esteem, and to make her think that her recovery depends upon external, rather than internal influences.

II.

FINANCES.

VERY little information was ever officially published regarding the state of China's finances when the Manchus governed the country. But although it was notorious that there was much waste and corruption, and that the revenues were collected and disbursed in a manner which would have broken the heart of any European Finance Minister, China, under the Manchus, was able to meet all her administrative expenses without recourse to foreign loans Her foreign indebtedness in 1911 consisted almost entirely of Loans, or obligations, incurred in connection with the Sino-Japanese War and the Boxer outbreak, and with railway enterprises. A loan of ten millions sterling had been contracted with the Quadruple Group for Currency Reform, but had not been floated when the Revolution occurred. Several small private loans to Provincial Authorities were still outstanding at the end of 1911. The Imperial Budget for the year 1911, as prepared by the National Council (Tzuchengyuan) estimated the total revenues of the Central Government at *Tls 301,910,296, and the expenditure of the Central Government (including its contribution to Provincial expenses) at Tls 298,448,365, leaving a surplus of Tls. 3,461,931 for contingencies. It may be said, then, that in the last year of the Manchu regime revenue was

*The Kuping or Treasury Tael in 1911 was worth about 2/8. A Kuping Tael is equivalent approximately to $1.50.

expected slightly to exceed expenditure, and that the total National Debt of China, including sixty-five millions sterling for the Boxer Indemnity, but exclusive of Railway Loans, amounted only to about $1,000,000,000 at current rates of exchange. Of this the Boxer Indemnity accounted for more than 52 per cent. The Imperial Budget for 1912, the final estimate prepared under the Manchu Government, differed but little from that for 1911, a small deficit of Tls. 301,232 being foreseen.

The Revolution, of course, completely disorganized the Administration of the country, and it was not until 1913 that an attempt was made to frame another Budget. This, the Budget for the second year of the Chinese Republic, estimated the Revenue at $333,948,482, and the expenditure at $642,237,076. The heavy deficit was mainly accounted for by an accumulation of unpaid indemnities, charges on short and long-term loans, repayments of advances, etc. The actual Administrative expenditure was only estimated at $341,306,942. It was during this year that the Government contracted the loan of £25,000,000 from the Quintuple Group, after a long and acrimonious struggle against effective supervision. Of this loan two million pounds were earmarked for the payment of arrears of the Boxer Indemnity; £2,317,778 for meeting Treasury Bills, and repayment of Belgian loans and advances from the Group Banks; £2,870,000 for obligations incurred by the Provinces; £3,592,263 for liabilities shortly maturing; £3,000,000 for disbandment of troops; £5,500,000 for Administrative expenditure; and £2,000,000 for the reorganization of the Salt Administration. A Loan of five millions Sterling had been secured from Messrs Birch Crisp and Co. the previous year. During 1912 and 1913, the Republic also borrowed amounts totalling £4,250,000 from Messrs Arnhold, Karberg, and an Austrian Syndicate, and assumed responsibility for loans amounting to nearly four million dollars from the Mitsui Bussan Kaisha. The Peking and the Nanking Governments raised another $89,000,000 by internal loans. Thus, within two years of the abdication of the Manchus the National Debt of China had been augmented, for the most part without legislative sanction, by upwards of £34,000,000 and $93,000,000, or more than four hundred million dollars. The nett increase, of course, was not quite so high, because certain portions of the four hundred million dollars borrowed during these two years were used to pay off obligations, such as the Boxer Indemnity,

which were in arrears. One could hardly expect a newly-established Republic to pay its way forthwith, but borrowing to the extent of four hundred million dollars in two years can hardly be described as sound finance, especially as the nation at large received little or no benefit from "foreign gold."

We do not propose to weary our readers with an analysis of the loan transactions of succeeding years of the Republic. It will suffice to say that reckless borrowing proceeded until the day came when the Foreign Governments concerned, in China's interests as well as those of their nationals, found it necessary to impose a check upon the borrowing of monies for unproductive purposes. The frenzy for borrowing had reached its climax in the year 1918, when the Peking Government, in defiance of the nation's wishes, obtained loans amounting to nearly Yen 250,000,000 from Japanese sources. As each old-style New Year approached the Peking Government made frantic efforts to secure funds to tide it over the festival. Mutinies of unpaid soldiery, and other dire consequences were predicted, if foreign loans were not forthcoming, and as recently as February this year an "advance" of nine million Yen was obtained from the Japanese Banking Group, without the concurrence of the other members of the Consortium. The Anfu Government appeared willing to pledge every national asset of any value for a few million Yen, and as most of the recent Japanese loans bear interest at the rate of seven to nine or even ten per cent, and were subject to a heavy discount, the nation has been saddled with enormous obligations to its Japanese creditors. In March last, the Assistant Editor of *Millard's Review* stated that according to figures obtained from the Ministry of Finance, China's National Debt amounted to $1,474,000,000 at the end of 1919, that is to say, it had increased by 47 per cent. during the eight years of the Republic. But this statement does not really reveal the gravity of the situation. A considerable portion of that debt is in foreign (gold) currency, and it is only reasonable to suppose that this figure was arrived at by conversion of China's gold debts into silver currency at the extraordinarily favourable exchange which prevailed at the end of last, and the beginning of this, year. We believe it would be no exaggeration to say that if her gold debts were converted at the rates current in 1911, China's National Debt would be found to have more than doubled since the establishment of the Republic.

The sorry plight of the national finances will be even better appreciated when it is mentioned that since August 1917, when China came into the War on the side of the Allies, her obligations to Allied and enemy Powers in connection with the Boxer Indemnity, have been either suspended or remitted, releasing for administrative use, between fourteen and fifteen millions Taels per annum of the Customs Revenues, while for the years 1918, 1919 and 1920 China had the advantage of exceptionally high rates of exchange for meeting her other foreign obligations. Yet within the past few months the Premier admitted that the monthly expenditure of the Peking Government was thirteen million dollars, and that the revenue did not exceed five millions, leaving a monthly deficit of eight million dollars. In other words, notwithstanding the fact that China's foreign debt has been almost if not quite doubled during the past eight years, by loans raised to cover administrative deficits, the Peking Government is still adding to the National Debt at the rate of $96,000,000 per annum. The Budget for the eighth fiscal year of the Republic, ending June 30, 1920 estimated the Revenue of the Peking Government at $490,419,786, and its Expenditure at $495,762,886, but estimates prepared in such circumstances are absolutely worthless. Practically the only certain sources of revenue of the Central Government to-day are the surpluses of the Customs and Salt Administration, and these are smaller than they should be owing to an arrangement by which the Canton Government was to receive eight per cent. of the Customs surplus, and the retention by the Militarists in the "Independent" Provinces of Salt revenues which ought to have been remitted to Peking. At the present moment the Government is in default on a number of the Japanese loans. The pay of many of the Provincial Armies which look to it for support is months, and in some cases, over a year in arrears; and no-one would care to predict the cost of placing the country on its feet financially. It might be premature to describe China as bankrupt, but it is difficult to apply any other description to a country which is progressively increasing its National Debt, and whose government is unable to secure, from revenue, more than 38.5 per cent. of its monthly expenditure.

No-one familiar with China's resources, would be disposed to take a hopeless view of the situation if there were any signs of retrenchment, and reorganization. A National Debt of

$2,000,000,000 only works out at $5 per head, which is insignificant compared with that of any of the Belligerent States. The serious feature of the situation is that there are no signs of improvement. The Government is constantly being blackmailed, under threats of mutinies, into remitting what funds can be scraped together to this or that province to pacify the troops. It is confronted, at the moment, with the task of coping with what is perhaps the worst famine that the country has ever experience. Yet the very suggestion of supervision of future foreign loans, with a view to ensuring that the proceeds are not wasted, still arouses furious opposition. The Government is now engaged in negotiations for a paltry loan of four million dollars secured on the Famine Surtaxes, yet in this, the case of all cases in which effective supervision should be conceded, strong opposition to it is being encountered by the Foreign Banks. It has asked the consent of the Powers concerned to the imposition of a special surtax of ten per cent. on the Customs Revenues, but at the very moment when this consent appears to be forthcoming, the whole scheme is jeopardized by the feverish anxiety of the Ministry of Interior to secure control of the funds. It may be argued that the National Bureau of Famine Relief over which the Minister of Finance presides, having requisitioned the services of a foreign Auditor, the honest expenditure of the sums received from the Customs is assured. But this is not the case. The Auditor employed happens to be one of the experts appointed to the Board of Audit under the terms of the Reorganization Loan Agreement Can it be seriously pretended that auditing the disbursements of this loan of twenty five millions sterling imposed any real check on waste? What became, for instance, of the three million pounds earmarked for the disbandment of troops? Could the Auditor see that the troops were actually paid? Could he certify that they were actually disbanded? When the vouchers reach the Auditor's hands the money to which they refer has been spent. All he can certify is that vouchers purporting to show that it has been spent in such and such a manner, have been produced for his inspection. He can no more certify that the famine victims have benefited from the expenditure, than he can certify that the troops supposed to have been disbanded in 1913, were actually paid off, and returned to civil pursuits. Experience has shown that it is supervision of the actual expenditure of money, not the checking up of vouchers, which

can be produced as and when required, that must be enforced to ensure the wise and economical expenditure of loans borrowed from the foreign investor.

III.

IN our last article we estimated that the National Debt of China had been doubled during the nine years of the Republic, and mentioned that according to the Premier's recent admission, there was a monthly deficit of eight million dollars in the Peking Treasury. A National Debt of two thousand million dollars, equivalent to-day to about £285,000,000 sterling, does not seem really excessive for an undeveloped State with a territory of about two million square miles and a population of about four hundred millions. Nor would a deficit of $96,000,000 per annum, the equivalent to-day of about £13,700,000 sterling, be considered very serious in any of the larger States in Europe. But mere figures do not reveal the gravity of China's financial plight. Just as the revolution of the planets round the sun differs, making a Year for Neptune 164 times longer than our own, so the financial standards of highly developed and backward States differ, making what would be regarded almost as conservative finance in a progressive country, appear reckless and wasteful elsewhere. To understand the real situation in China the theory of relativity must be applied. A prospective deficit of fourteen millions sterling would not cause a great deal of anxiety to a British Chancellor of the Exchequer. He would merely revise his estimates, and by slight modifications here and there either reduce the debit, or increase the credit side of the national balance sheet until revenue and expenditure balanced. And when he had either cut down expenditure by this amount, or imposed the additional taxation necessary to cover the expected deficit, he could rely upon the various government organizations concerned to carry out his instructions, unless some unforeseen contingency during the financial year compelled a revision of the estimates.

In China, to begin with, the average wealth, and the average earning power *per capita* of the population are very far below European standards. It is true, as a Chinese official recently pointed out that "the low standard of living among

the mass of the population, and the luxury which modern essentials such as railways and roads represent because of their immense first cost in comparative terms" add to the difficulty of imposing direct taxation. Since the establishment of the Republic all kinds of new schemes of direct taxation have been promulgated, including stamp duties, and income tax. But the Government which promulgates these new taxes is powerless to collect them. Its authority hardly extends beyond the walls of Peking, and when the people flatly refuse to submit to these new imposts, the Government has no means of enforcing its will upon them. Whether the imposition would inflict a real hardship upon the people is doubtful; but no machinery for collecting them, and when collected, remitting them to Peking, exists.

The real crux of China's financial difficulties, however, is the universal distrust of the Government. National credit has been impaired at home, as well as abroad, by the reckless methods, and notorious corruption, of Peking officialdom. The improper use of the funds of the two official banks, the Bank of China and the Bank of Communications, for financing the late Yuan Shih-kai's Monarchical movement, so reduced the credit of these institutions that to-day, in the Capital, Bank of China and Bank of Communications Notes are only dealt in at a discount thirty or more per cent. The depreciated credit of the Government is also revealed in the quotations for Internal Loans. With three exceptions which will be referred to, not one of the eight Internal Loans issued by the Republic is quoted above 70, although the lowest rate of interest is six and the highest, eight per cent. The only Loans which have recently been dealt in above 70 are the Third Year National Loan 6% which was issued at 94, is redeemable by 1925, and is secured on the unpledged revenues of the Peking-Hankow Railway ($71.50); the Fourth Year National Loan (6%) issued at 90, redeemable by 1923, and secured on specific Native Customs revenues ($76); and the Seventh Year short term Bond Issue (6%) issued at par, redeemable by 1922, and secured on the deferred Indemnity ($89). The twenty year 6% loan of 1913, secured on the Stamp and Title Deeds taxes is quoted at the nominal figure of $16.50, and the long term Seventh Year Loan is being dealt in at $36.50. All the Loans for which the present quotations are above 70 are short term loans, and the one which stands highest in popular estimation—the Seventh Year Short Term Bond Issue—now quoted at 89, owes its posi-

tion to the fact that its service is under the control of the Inspector-General of Customs. The last Internal Loan to be issued, the Eighth Year 7% Internal Loan of 1919, of $56,000,000, offered at 90 only produced thirty million dollars. Subscription for the Ninth Year Short Term Loan close on January 31, next, and so sadly has the credit of the Government suffered in the interval that this six per cent Loan, which is to be redeemed in full by 1926, and is secured on the surplus of the Maritime Customs, is offered at 70.

China's credit abroad has also diminished rapidly during the past year. Her action in repudiating German holdings in the Hukuang Railway Loan has had a disastrous effect upon her financial status, and this action, be it remembered, was taken in face of the warnings and remonstrances of foreign financiers. The latest available London quotations for Hukuang 5% Bonds, which are secured on Hupeh and Hunan Salt and Likin Revenues, and the Hupeh Rice tax, was 57½. The Reorganization Loan (5%) secured on the Salt Gabelle revenues was quoted at 69. Only two classes of Chinese securities were being dealt in above 70, namely the Anglo-German Loan of 1896 (74) and the 8 per cent. Treasury Notes (86). When Chinese talk glibly of borrowing further large sums for administrative and reorganization expenses, one wonders where they are to come from. Judging from the present state of the London market, nine per cent. and a first class security, would have to be offered to tempt any British investors to subscribe for a new loan at 90. And the effect of such a new issue would be still further to depreciate Chinese securities quoted on the London Stock Exchange.

China with a National Debt of two thousand million dollars, a monthly deficit of eight million dollars, her credit seriously impaired at home and abroad, and no visible prospect of retrenchment or financial reorganization is in a pitiable financial plight. And the amount at which we estimate the National Debt, does not include enormous obligations in the provinces for which the Central Government will eventually have to assume responsibility. The pay of most of the Provincial Armies is many months in arrears, in spite of the fact that the Provinces are remitting practically nothing to Peking. Only a few days ago the merchants of Hankow and Wuchang were blackmailed into raising a "loan" of three million dollars for the pacification of the Hupeh troops. No authentic figures of provincial deficits and commitments are available, but the

total would certainly augment the National Debt by hundreds of millions of dollars.

Yet if the country were united, and its finances efficiently reorganized, it is probable that one source of revenue alone, the Land Tax, would suffice to meet all the charges on the Government's foreign and domestic obligations. Seeing what has been done with the Customs and Salt Gabelle, under foreign guidance, one would think that far-sighted Chinese would welcome foreign aid in the reorganization of the Land Tax collection, which, on the late Sir Robert Hart's estimate ought to yield Tls. 400,000,000 per annum, without inflicting any hardship upon the people. But the mere mention of foreign supervision of the Land seems to rouse Chinese hostility as nothing else does. It is invariably interpreted as masking an attempt to undermine China's sovereignty, despite the fact that it is to foreign supervision of the Customs and Salt Revenues alone that the Government is indebted for its immunity from bankruptcy. Fully fifty per cent of the actual revenues of Peking in 1919 were derived from these two sources, and the Land Tax, over which Peking at present exercizes no control did not even figure in the Treasury's receipts, thirty per cent. of which were accounted for by foreign and domestic loans. Now that the financial markets of the world are virtually closed against China it seems time seriously to consider whether false pride should be allowed to frustrate the only method by which financial rehabilitation can be secured. Merely as a matter of "face" would it not be preferable to invoke the aid of foreign experts in the most important financial reform ever attempted in this country, rather than wait until those from whom China attempts to borrow further money make further "supervision" a condition of their assistance?

IV.

THE ARMY.

IN the last years of the Manchu regime the cost of the Army amounted to about a quarter of the expenditure of the Central Government. In the Budget for the eighth Year of the Republic the Military expenditure amounted to nearly half of the total estimates. And in reality the proportion is

much higher than the actual figures would suggest, inasmuch as a very large portion of the sum of $127,962,826 which appeared under the heading "Refund of Loans" is accounted for by money borrowed to meet military expenses.

The Chinese Army in 1911 barely exceeded half a million of all ranks in the Luchun (National Army) and Hsun-fang-tui (Provincial Forces) combined. Besides these there were some 54,000 "Green Flag" troops in the provinces, which were being disbanded as rapidly as possible. In those days the Provincial Troops were, on the whole, more reliable than the Luchun. On several occasions they suppressed mutinies of the Luchun with pitiless energy. The reorganization of the Chinese Army was really begun in 1901, and the organization of six Divisions of modern troops was effected by Yuan Shih-kai by 1906. Four of these Divisions were then transferred to the control of the Ministry of War, and a comprehensive scheme of Army reorganization, providing for the formation of thirty-six Luchun Divisions within ten years, was sanctioned by the Throne. As progress was made in the direction of military reform, further expansion to forty-five Divisions was decided upon. Eleven Divisions had actually been raised by 1911, and fourteen more were above Brigade strength. Considerable progress had also been made in the reorganization of the Provincial forces. The National Army, comprising nearly half of the entire military force of the country, was under the direct control of the Ministry of War at Peking. The Provincial troops were also amenable to the authority of the Central Government, whose right to appoint Provincial officials, civil and military, of all grades, was unchallenged. Manchu garrisons, whose importance was rapidly diminishing, were still stationed in various parts of the country, under the command of the Tartar-Generals, who nominally ranked with the Viceroys.

Although the Revolution was described as a national movement against a corrupt and effete Dynasty, and the Provincial Armies were reported to have been considerably augmented by patriotic volunteers, there does not appear to have been as large an increase as might have been expected in the military forces during the first two years of the Republic. The total strength of the National and Provincial Armies was estimated at half a million in August 1913, but this estimate was probably based on the supposition that 334,820 officers and men had been, or were being, disbanded out of the three

million pounds of the Reorganization Loan earmarked for this purpose. In the Budget for 1913 (the second year of the Republic) China's military expenditure was estimated at $163,775,012. compared with Tls. 78,000,000 (about $111,000,000) in 1911. The Second Revolution led to further increases in the military forces throughout the country, but the Budgets of the third, fourth and fifth years actually showed a substantial reduction in the military estimates.

The protracted internal strife of the past few years, and the concentration of power in each province in the hands of the Military Governor, have led to enormous increases in China's armed forces. It is impossible to obtain a really reliable estimate of the men under arms to-day. General Chang Tso-lin, during his recent visit to Peking, boasted that he had 250,000 troops at his disposal in the three Manchurian Provinces. which were only credited with some 80,000 regular and irregular troops in 1911. He was certainly exaggerating, but as Mr. Chu Chi-chien, an ex-Minister of Interior, who was the Peking Government's Chief Delegate at the Domestic Peace Conference in 1919, estimated the total military forces in the Republic in 1918 at 1,290,657 and as the Anfu Militarists and the Tuchuns have added considerably to the National and Provincial Armies since, it is safe to assume that there must be nearly 1,500,000 men under arms in China to-day.

In the Budget for the fiscal year 1919-20 the Military estimates amounted to $207,832,480 out of a total estimated expenditure (including $127,962,826 for loan service) of $495,762,886. And there were substantial arrears in the pay of the troops, at the beginning of the year, which were not included in these figures. The monthly military expenditure of the Peking Government at the beginning of this year exceeded five million dollars. It has certainly increased rather than diminished since then, with the result that Peking's military expenses must considerably exceed the total revenues received by the Central Government.

The Peking Government has repeatedly announced its intention of economizing by the disbandment of troops, but its policy is ignored by the Tuchuns throughout the country, who continue to augment their armies as they please, and, in many cases, send in the bill to Peking accompanied by threats of the dire consequences that will ensue from a refusal to pay. Moreover, it is much easier to talk about disbandment than to carry it into effect. It is a costly business, especially

when one is dealing with troops whose pay is months or years in arrears. If we assume that China's requirements would be met by a National Army of half a million men, there would be about a million men to be disbanded. They would have to be maintained during the process, which would take many months; they would have to receive their back-pay in full, and a gratuity; they would have to be returned to suitable civil occupations, or they would merely leave the army to terrorize their country as armed bandits. It was estimated in 1913 that to disband the superfluous troops without trouble it would be necessary to give each officer and man whose services were dispensed with a gratuity of three months' pay, in addition to travelling expenses, and arrears, making the cost of disbanding 334,820 troops $29,112,400, in addition to the military estimates for the year. A lump sum of nearly ninety million dollars therefore, would be required for the disbandment of troops on this basis. In all probability this estimate would prove too small, because the arrears of pay in 1913, which averaged $40 per head for officers and men, ought probably to be placed at a much higher figure to-day. Moreover it would never do to pay off arrears only to the troops that were to be disbanded, or mutinies would break out all over the country.

The cost of disbandment, however, which would certainly exceed $100,000,000 and might well be nearer $200,000,000, is not the only consideration. No Government that China has ever had, or is likely to have within the next twenty years, could be trusted to carry through a disbandment programme, however large a sum were at its disposal. China does not possess the officials, or the organization for such a task. Vouchers would doubtless be produced to-day as in 1913, but the process would actually be similar to those stage pageants in which imposing armies are improvised by marching a small body of men across the stage, behind the scenes, and on again. The same men who were disbanded in 1913 would march on to receive their pay on this occasion, and any other on which a loan for disbandment might be secured. The Armies of the Tuchuns would be swollen to extraordinary dimensions as soon as a disbandment scheme was sanctioned. Most of the money would get into wrong hands, serving only to enrich the Tuchuns and their subordinates. Foreign supervision in the strictest form that can be devized will be necessary to avoid fraud. The actual disbandment of troops would have to be

superintended by competent foreign officials to whom the men's rifles and military equipment would have to be entrusted for destruction or safecustody as a guarantee that the recipients of gratuities, etc., were not participating in a stage pageant, or were not to be re-enrolled next day. The Treaty Powers would have to reach a definite agreement not to permit the importation of military weapons or equipment of any kind into this country for a period of, say, ten years to render disbandment really effective, and it might even be necessary to employ the finger-print system as a safeguard against corruption. The number of troops that China might maintain ought also to form the subject of a binding Treaty, any breach of which would involve the withholding of a proportion of the Customs or Salt surpluses for the creation of a new disbandment fund. Disbandment of troops is the most pressing of the many reforms required to place China once more upon her feet. It has been advocated and promised by successive Premiers, but none of them has been able even to start the process. If China really required a large Army for protection from foreign aggression, or the maintenance of internal peace, a force of a million and a half men could not be considered excessive. But there is not a Division in the country that approaches the most inferior troops of any Great Power in efficiency. Those who saw the rabble brought into Chihli by Chang Tso-lin last summer, from his picked Divisions, were amazed at their lack of discipline and poor equipment. The Armies of China are not maintained for self-defence or the maintenance of order. They are the curse of the country. It would be interesting to have an estimate of the value of the private and national property they have destroyed by looting and incendiarism since the downfall of the Manchus. It would run into hundreds of millions of dollars. A well-trained, well equipped Army of 200,000 men would have nothing to fear from the whole million and a half armed coolies for whom the nation has to pay—in money, in terror and in destruction of property—to-day.

V.

THE ARMY. (*Concluded*)

THE Chinese Armies of to-day are a constant menace to the peace of the country. No district in which Chinese troops

are quartered can be considered safe from looting and incendiarism. Correspondents are constantly emphasizing the terrorization that goes on in the cities and villages in the interior. Most of the Provinces have suffered at the hands of contending Armies since the 1911 revolution, and have learnt that civil war in China really means a competition in looting between the opposing forces. There has been very little serious fighting at any time. Several rich cities in Mid and South China have been systematically looted several times in succession, as the Armies which are willing to do anything but fight have advanced or retired. On more than one occasion "battles" are reported to have been averted by an agreement between the opposing commanders as to the distribution of the loot obtained by sacking prosperous towns. Whereever large forces are assembled the merchants and gentry are liable to be called upon periodically to raise large "loans" to pacify the unpaid troops. Gangs of armed bandits which roam at will over the country-side are constantly being reinforced by deserters from the Armies. Hardly a day passes that news does not appear in one of the foreign papers in China of some city or village being sacked by soldiers or ex-soldiers. Hardly a month passes that the Central Government is not called upon to offer apologies and indemnity for some outrage upon the persons or property of foreigners .

The Chinese themselves are the chief sufferers from the military blight which now rests upon this country, but it is also becoming a more and more serious factor in China's foreign relations. The Central Government has no real control over any of the Tuchuns' Armies. It is unable to prevent the Tuchuns from expanding their forces as they please. It has shown itself quite incapable of dealing with the military menace on the railways. The convenience of the travelling public is a matter of complete indifference to the Chinese military. Subordinate military officials hold up railway traffic at their own sweet will. They travel in passenger-trains on free passes, occupying the best accommodation, bullying the staff, befouling and damaging the carriages, and making railway journeys by foreigners a nerve-racking and nauseating experience. They constantly interfere with trade by commandeering and sometimes keeping for months on end, rolling stock intended for goods transport. A quarrel between two or more military factions almost invariably results in the tearing up of rails, blowing-up of bridges, and damage which

it takes many months to repair, to the passenger coaches which are "requisitioned." Foreign lives and property are daily becoming more insecure as a result of the mutinous spirit in the Armies. The people of China as a whole are not by any means anti-foreign, but at any moment now the nation may be subjected to the humiliations of 1900 as a result of military excesses. The presence of foreigners in a district where a mutiny threatens constitutes a lever for extorting funds from the Peking Government. When the day comes that Peking is unable to scrape together enough to pacify the troops in a threatened area, an attempt will probably be made to force its hands by a deliberate anti-foreign outbreak.

The nation is constantly being dishonoured by the actions of the militarists. No pledge given by the Central Government is worth the paper it is written upon while the real power remains in their hands. We have recently seen how the Chihli and Fengtien Tuchuns violated the British aeroplane contracts removing to their respective Headquarters aeroplanes which had been delivered under the Central Government's specific undertaking that they should never be applied to military use. Even more flagrant, however, is the conduct of the militarists in regard to the opium problem. The suppression of the cultivation and sale of opium, it may be recalled, is not a purely domestic question, but a definite treaty obligation. The British Government terminated a lucrative trade between India and China on the distinct understanding that China had embarked upon "a most rigorous policy for prohibiting the production, the transport, and the smoking of native opium." The Indian opium trade may have been "morally indefensible," but from the practical point of view, no benefit would have been derived from cutting off one external source of supply, and proportionately increasing domestic production. Under the Manchus the obligations into which China had entered were loyally fulfilled. Yuan Shih-kai made strenuous efforts to carry the anti-opium campaign to a successful conclusion during the first years of the Republic, and though serious lapses were reported from some of the Provinces, such progress was made that in 1917 the direct export of opium from India to China ceased. To-day the opium traffic is rapidly reviving under the patronage of the Tuchuns. Many of the latter are themselves opium-smokers. Some of them are known to have paid their troops in opium instead of in cash. In Kweichow, to-day, the military are compelling the farmers to cultivate

the poppy. Similar conditions prevail in Szechuan, the result being that hardly a vessel comes down the Yangtze from that province without its freight of opium. Over four tons of the drug were seized at Ichang in 1919; the hauls this year are reported to have been so enormous that some of the Customs searchers have earned more from seizure rewards than the Customs Commissioner receives in salary. In Fukien the military have forced the farmers to resume poppy cultivation, inflicting drastic punishment on those who refused. Only to-day we have received a letter from a correspondent in Shensi stating that famine conditions in that Province have been accentuated by the ploughing up of wheat-land for opium production, under the orders of the military. We doubt whether there are any Provinces in China to-day where the cultivation of opium has not been revived in some districts under military coercion. For although the price of the drug has fallen considerably as the result of increased production, opium still affords a higher return to military blackmailers than any other crop. A year or two more of military sway in China will result in the undoing of what the late British Minister, and all foreign observers, regarded as one of the most striking reforms ever carried out by any nation. While Mr. Wellington Koo is engaged in the congenial task of "pulling the wool over the eyes" of European and American diplomats it is desirable to remember that every pledge that he or any other Chinese representative may offer is worthless so long as the militarists control the situation in China. Opium may not unreasonably be regarded as a test case, when Chinese Envoys abroad endeavour to invoke foreign sympathy for China in her differences with Japan, or plead for the abrogation of those treaty stipulations which are held to be inconsistent with China's sovereignty. That the British Government would seriously consider legalizing the export of opium to China again is unthinkable. It is only because the opium traffic is regarded as morally indefensible by every civilized nation that China's violations of the Agreement with Great Britain have not brought about strained relations between the two nations. The Militarists would, however, have shown equal indifference to national obligations had the commodity concerned been cotton or silk.

A Shensi correspondent gives us some idea of the extortion practised by the military in that Province. Shensi with a population of about nine and a half millions—one of the most

thinly populated provinces in China—has always had great difficulty in making both ends meet. In 1911 the Provincial Budget estimated the revenues at Tls. 4,213,511, and the expenditure at Tls. 6,304,287. The total number of troops the Province was then called upon to support was less than 10,000. It is difficult to believe that during the past three years "armies totalling 300,000 have had to be supported by the people", but even if this figure be divided by three the strain upon the population must be terrible. Shopkeepers, we are told, are now "called upon to pay taxes to the value of their year's rent," farmers to "re-purchase their land from the Government", in order to meet military expenses. And from these, and similar exactions in other Provinces the people individually and collectively derive no actual or potential benefit. If Japan were to land a force of one hundred thousand men at Tsingtau to-day the whole Chinese Army would be incapable of dislodging it. Mr. Wellington Koo may tell the journalists at Geneva that China's troubles are merely superficial. Militarism, however is a canker so deeply rooted that something more than superficial treatment will be required to eradicate it. It permeates the whole administrative system of China to-day, constitutes an increasing menace to her foreign relations, barring progress and development in nearly every direction and making the very name "Republic" a mockery to all who know the truth. It is the reef on which every scheme for retrenchment and reform comes to grief. Foreign gold will not eliminate it, and the financial starvation of the Tuchuns—the only other remedy that has been suggested—may possibly lead to upheavals compared with which even the Boxer excesses of 1900 would appear insignificant.

VI.

THE LEGISLATURE.

THE introduction of Parliamentary Government into a State which has from time immemorial been an absolute Monarchy, is not an easy matter. In China the complexity of the problem was enhanced by the enormous size and population of the country, the absence of railways, roads, and other rapid means of communication, and the backward political

state of the nation. A very high percentage of the population consists of agriculturalists, living in remote hamlets, isolated, uneducated, and knowing or caring little about the activities of any administrative official save the tax-collector. Of the four hundred million odd inhabitants of China only a ridiculously small proportion can read or write. In the Manchu nine years' programme of Constitutional reform it was hoped to develop elementary education to such an extent that one per cent of the population would be able to read and write at the end of the sixth year. It may be doubted whether anything like that percentage is literate to-day.

The most promising legislative experiment that has yet been attempted in this country was the Tzu Cheng Yuan or National Assembly, which first met in Peking in October 1910. It consisted of only two hundred members, half of whom were elected, subject to official approval, by the Provincial Assemblies, and the other half nominated from lists submitted to the Throne. This body showed itself progressive and persistent until the 1911 Revolution threw the whole scheme of Constitutional reform into the melting pot. Legislative authority was then claimed by the Republican National Council which assembled at Nanking. It was a nondescript body, composed partly of delegates from Provincial Assemblies, partly of nominees of Provincial Authorities, and partly of self-appointed representatives. Yet it was this body which drew up and approved the Provisional Constitution, and elected the Provisional President and Vice-President. When Sun Yat-sen resigned, and the idea of transferring the Capital to Nanking was abandoned, the National Council was removed to Peking, where it continued to function, with waning energy, until April of the following year (1913). At Peking there was a hot dispute as to the status of various "members," some of those who had claimed membership of the Nanking Council without any pretence of an election disputing the claims of other members "specially elected" from the same Provinces. The claim of the latter was eventually upheld, although there had been nothing approaching uniformity in the "election" of members. This National Council regarded the Provisional Constitution as its Charter, and was constantly in conflict with the Executive over the application of its provisions. Yuan Shih-kai had been distrusted from the outset, and the Provisional Constitution was intended to be the weapon by which he would be compelled to submit to the Council's decisions.

The resignation of Tang Shao-yi from the Premiership accentuated the bitterness between the Legislature and the Chief Executive, and the summary execution under martial law of Chang Chen-wu, at the request of Li Yuan-hung, the Vice-President, led to repeated attempts to impeach the latter. Before it was superseded by the National Assembly, the National Council had passed some scores of Bills, most of which dealt with new official systems. Its most important piece of legislation consisted of the new Electoral laws for the National Assembly, which were promulgated in August, 1912.

The Electoral laws provided for a Senate and a House of Representatives. Ten Senators from each of the Provinces were to be elected for a term of six years, by the Provincial Assemblies, one-third of the Senators from each Province retiring every two years. Fifty-four Senators were also to be elected as representatives of the Dependencies, the Central Educational Society, and Chinese residing abroad. The Representatives were to be elected on the basis of one member to each 800,000 of the population, with a minimum of ten representatives from each Province, for a term of three years. Direct election being impracticable a system of indirect election was adopted, the electoral unit for the primary elections being the *Hsien*, and the successful candidates in each *Hsien* assembling at some convenient centre about a month later to elect the actual members of the Lower House. Senators had to be at least thirty, Representatives at least twenty-five years of age. The suffrage was restricted to male citizens, of upwards of twenty-one years of age, who had resided in the district for at least two years, and who possessed one of the following qualifications:

1. Payment of direct taxes amounting to $2 per annum or upwards.
2. Owner of immovable property to the value of $500 or upwards.
3. Graduate of an elementary or higher school.
4. Possession of an education equivalent to 3.

The electoral system was cumbrous, complicated, and lent itself to all kinds of abuse, and there is no doubt that corruption and intimidation were rampant during the elections which took place on December 10, 1912 (Primary) and January 10, 1913 (final). But no system could be devised by the wit of man that would keep the membership of the Lower House within reasonable limits, and operate on a broad suffrage

basis. In theory the 1912 Electoral Laws were perfectly sound; it was their application in a politically backward country such as China that was unsatisfactory. For the 1912-13 election brought into power a swarm of political charlatans and self-seekers of the very worst type. "I hope" said Mr. C. T. Wang, Vice-Speaker of the Senate, in an address at Peking only a few weeks ago, "I hope that steps will be taken to get into this (ie., the coming) Parliament men of more experience and nobler ideas, than the members of the last Parliament. I do think the members of the last Parliament fell short of their responsibility and duties. Much of the trouble was really caused by their inefficiency: I would not say their dishonesty."

The National Assembly met in April 1913 in an electrical atmosphere. The murder of Sung Chiao-jen, leader of the Kuomintang Party, at Shanghai Railway station, as he was leaving for Peking, and the conclusion of the Quintuple Loan aroused bitter animosity towards the President. He had intended to open the Legislature in person, but was told that he would only be allowed to be present as an ordinary spectator. His Secretary, Liang Shih-yi, was not permitted to read the Presidential Message. Days were then wasted in an unseemly dispute regarding the election of the Speaker and Vice-Speaker of each House. Acrimonious discussions on the Quintuple Loan occupied another month, until the Government's supporters adopted the expedient of abstaining from attendance, thus robbing both Houses of the necessary quorum, which had unwisely been fixed at fifty per cent of the total membership. There were stormy scenes in which ink-pots figured as missiles, and nearly every measure submitted by the Executive was rejected. One of the few Bills regarding which there was any enthusiasm was the one which proposed to fix the salaries of the members at the exorbitant figure of six hundred dollars per month. The profligate lives of many of the members in the Capital formed the subject of bitter comment in the Chinese Press. One eccentric reformer was actually reported to have marched round the most disreputable neighbourhood of Peking, every morning, banging a drum, and summoning the legislators within to rise and attend to their duties. And there is no doubt that the reckless expenditure of many of the members was only rendered possible by substantial bribes from various quarters, including the Presidential Palace. A rebellion in July gave Yuan Shih-kai the opportunity of insisting

upon the expulsion from the Kuomintang of "rebel" members. Its suppression brought the Assembly temporarily to a more tractable frame of mind, and in October, after three ballots, in each of which he obtained a majority, Yuan Shih-kai was formally elected President of the Republic. Bribery and intimidation played an important part in this election. Once having secured the office and the recognition of the Foreign Powers, Yuan Shih-kai ordered the dissolution of the Kuomintang as a seditious organization, and the Legislature, unable to secure a quorum, suspended its sessions. The President's hostility was mainly due to the form of Constitution adopted by the joint Committee of both Houses, which would have further restricted his powers. He convoked special organs, packed with his own nominees, to draft a Constitution according to his own liking, and to "advise" the Executive on Administrative affairs, and in January 1914 the moribund Assembly was dissolved.

Two years of absolute rule followed, at the end of which the farce of inviting Yuan Shih-kai to mount the Throne at the "unanimous" invitation of the country was staged by Liang Shih-yi and other adherents. In December 1915 Yunnan revolted, to be followed by other Southern Provinces. The monarchical project had to be cancelled, and in June 1916 Yuan Shih-kai died, and was succeeded as President by Li Yuan-hung. The new President convoked the old Parliament, notwithstanding the fact that the term of office of all the Representatives, and of nearly half the Senators, had expired. The members flocked back to Peking, and once more contrived to alienate public sympathy by their obvious incompetence. Then came the American invitation to sever relations with the Central Powers, and the struggle between Tuan Chi-jui and Parliament as to the procedure to be adopted in connection therewith.

THE LEGISLATURE.

(Concluded.)

THE second dissolution of the National Assembly, which took place in June 1917 was mainly due to friction between General Tuan Chi-jui, the Premier, and the Legislators. President Li Yuan-hung was undoubtedly anxious to govern constitutionally, but the real power in the North was

in the hands of Tuan Chi-jui and the Tuchuns, who were no better disposed towards the Assembly in 1917 than in 1913. The alleged cause of the issue of the Dissolution Mandate of June 1917, which was hawked round Peking for counter-signature by a member of the Cabinet, (Tuan Chi-jui was not in office at the moment) was the draft of the new Constitution which had been drawn up, and given two readings, by the Assembly. But China's intervention in the Great War played an equally important part. Tuan Chi-jui and the Northern Tuchun were strongly in favour of an early Declaration of War against the Central Powers. There is every reason to believe that an overwhelming majority in both Houses likewise favoured this course, and that their obstruction was due, not to hostility towards the Allies, but to distrust of Tuan and his associates. The latter, on the other hand, desired to secure what personal advantages were obtainable from association with the Allied Powers, and resented any semblance of control by Parliament. When matters reached a crisis it was on account of the alleged objectionable features of the new Constitution that President Li Yuan-hung was coerced into appending his Seal to the Mandate of Dissolution. It was stated, however, that a new Parliament would be elected as soon as possible.

Then came Chang Hsun's Monarchical *Coup*. Tuan Chi-jui led the forces which rendered it abortive, but he had completely forfeited the confidence of the South, which refused to recognize his leadership, seceded from Peking, and attempted to resuscitate the Legislature at Canton. Li Yuan-hung declined to return to the Presidential Palace after this *Coup*, and Feng Kuo-chang, whose name was made infamous by the Shanghai opium deal, became acting President. The idea of fresh elections on the 1912 basis was abandoned, and instead, the Northern Militarists decided to have a Parliament of their own selection. It assembled in August 1918, and was composed of members "elected" under the supervision of the Tuchuns in those Provinces which still professed allegiance to Peking, reinforced by members selected in a most arbitrary and illegal manner to represent the Provinces over which Peking exercised no control. The first duty of this "bogus" Parliament was the "election" of a President of the "Republic." Hsu Shih-chang, the bosom friend of Yuan Shih-kai, a scholarly but weak man, was decided upon as the new President weeks in advance of the assembling of the bogus legislature, and his

sole claim to the office which he still holds rests upon the "election" of September 1918. A greater fraud than this election has never been perpetrated under the guise of constitutional procedure. Hsu Shih-chang received 430 votes out of a total attendance of 436 members, at the first ballet, and was formally inaugurated on October 10. His election was not, and never has been, recognized by the Southern Provinces. The choice of a Vice-President, which according to programme should have taken place on the day following the President's election, was postponed *sine die*, owing to the rivalry of various Tuchuns for the post, and up to the present time China has remained without a Vice-President. It cannot, however, be contended that this vacancy has caused any serious inconvenience. The actual power since October 1918 has remained in the hands of the most powerful of the Northern Military cliques for the time being. The President has been a mere puppet in their hands. It would be difficult to imagine anything more ludicrous than his conduct during the crisis that occurred last year as a result of the split among the Northern militarists. He first dismissed "little" Hsu, the most mischievous of the Anfu leaders, at the demand of General Tsao Kun and Wu Pei-fu; then he censured Tsao Kun and ordered the punishment of Wu Pei-fu, at the instance of Tuan Chi-jui; and finally, when the latter's power was broken, he reinstated General Chin Yun-peng as Premier, and proscribed the chief Anfu leaders. The bogus Parliament has met spasmodically ever since its "election," the chief concern of its members being the regular payment of their salaries and allowances. It is now moribund, its final kick being the wise conclusion, arrived at at a tea-party, that if it were dissolved as the result of the recent Mandate ordering a General Election throughout the country, the President's sole legal claim to his office would vanish with it.

The original National Assembly, with a pertinacity worthy of a better cause, has pursued a peripatetic existence outside Peking. It reassembled in Canton about the time that the Tuchun's Parliament met in Peking. The financial strain of paying the salaries of a quorum of the Legislature appears to have proved too great for Canton, and the membership soon began to fall off. Then the Southern leaders quarrelled, Sun Yat-sen, Tang Shao-yi and Wu Ting-fang retired to their treaty-port refuges in Shanghai; and the Yunnan Tuchun, Tang Chi-yao, invited the Parliament to reassemble under his

patronage, at Yunnanfu. Thither a rump repaired, only to find that their patron had decided to transfer the Legislature to Chungking. Then a reverse in fortune compelled Tang Chi-yao's forces to retire from Szechuan. The legislators had to begin their travels once more, and such of them as have the courage to continue the farce are now reported to be assembling in Canton. The term of office of the original Assembly, both for the Senators and the Representatives, has long since expired. The Assembly has twice been dissolved by Presidential Mandate, and would appear, to-day, to have no better legal status than the bogus legislature in Peking. Apparently, however, the presence of a few score of its members is regarded as a valuable constitutional asset by the self-styled champions of democracy in China.

The obvious solution of the present muddle is the election of a new Parliament, representative of the entire nation; and this is what the President, acting on the Premier's advice, has ordered. Unfortunately many of the higher Provincial Authorities, who would fill the posts of Controllers of Elections if these instructions were carried out, decline to recognize the authority of the President. The Southern leaders obstinately refuse to accept this, the only really constitutional solution of China's parliamentary muddle, demanding, as a prelude to fresh elections, resumption of the formal peace negotiations at Shanghai. Themselves lacking anything in the form of popular authority, they are apparently quite willing to negotiate "peace" with a group of Northern representatives who also have no claim to be regarded as representative of the Provinces nominally owing allegiance to Peking. There appears to be little or no likelihood of a General Election in time to enable a new Parliament to assemble in April 1921. But if such an election were to take place, what would be the result? In all the Northern provinces the Tuchuns and their subordinates would see to it that the "elections" went in favour of their own creatures, with a view to securing a servile majority in the Assembly. In the other Provinces the cliques momentarily in power would adopt similar tactics. If the Southern representatives chose to risk their lives by coming up to Peking we might expect a lively imitation of a large menagerie, in which all the wild-beasts were simultaneously turned loose in the arena. Honest, intelligent elections are impracticable under prevailing conditions. We come back here, as always, to the insuperable obstacle of militarism.

Elections on a democratic basis are impossible while the civil authorities throughout the country are impotent—while even the Secretary of the Cabinet has to plead the seizure of rolling-stock by the military in defiance of Peking's instructions, in extenuation of the Government's incompetence in dealing with so urgent a problem as famine relief. Constitutional reform, financial retrenchment, and the anti-opium movement all, as we have seen, depend upon the elimination of militarism from the administration. Not that it follows that China could produce a workable Parliament even if the Tuchuns were overthrown. It must, we fear, be some decades yet before the nation will return as its representatives men who regard themselves as legislators, rather than members of a debating society. The Parliament in China has never really had a fair chance, but judging from the conduct of its members, their known avarice, venality and profligacy, it is difficult to believe that it would have proved worthy of its trust even if it had not come into collision successively with Yuan Shih-kai and Tuan Chi-jui.

VIII

PUBLIC JUSTICE.

ONE of the "injustices" against which Chinese representatives abroad are never tired of complaining is the retention by the Treaty Powers of Extraterritorial jurisdiction over their nationals who reside, trade or travel in Chinese territory. It is urged that the retention of this right is derogatory to the Chinese Government and people, that it shows lack of confidence in Chinese *bona fides*, that it constitutes an insuperable obstacle to the extension of rights of residence and trade outside the Treaty Ports, and that the Powers that have undertaken in Treaties concluded during the Twentieth Century conditionally to relinquish their extraterritorial rights in China have shown themselves unreasonable and procrastinating in the fulfilment of their undertaking. The "abolition of the Consular Jurisdiction" was the subject of a Memorandum submitted to the Powers at Versailles by the Chinese Delegation. More is likely to be heard of the subject in the near future. It is desirable, therefore, to understand exactly what China is asking, and on what grounds she asks it.

China is asking the Treaty Powers to relinquish a right on which they have insisted ever since the Forties of last Century, a right which was regarded as indispensable by all civilized Governments whose nationals desired to reside in or trade with, China. Neither residence nor trade would have been practicable if jurisdiction over foreigners residing in the Treaty Ports had been conceded to China's bitterly anti-foreign and reactionary officials. Chinese ideas of judicial procedure differed entirely from those of Europe and America. The punishments prescribed for certain offences were ruthless and barbarous, and experience showed that foreigners handed over to the Chinese Authorities for trial had no hope of being treated even with elementary justice. Two old cases may be briefly referred to as examples of Chinese methods. In one the firing of a gun by the vessel *Lady Hughes*, while saluting, caused the accidental death of a Chinese at Canton. The surrender of the man who actually fired the gun was demanded by the local Authorities. This being refused the supercargo of the ship was arrested and detained as a hostage. To secure his release a gunner was handed over, who was strangled a few weeks later, on orders from Peking. In another instance an Italian sailor serving on an American ship dropped or threw an earthenware jar overboard. It was declared to have struck on the head a woman in a boat, causing her to fall overboard. This man, after a farcical trial by a Chinese official on board, in which no evidence for the defence, and no interpretation of evidence for the prosecution, were permitted, was surrendered for a second trial in the City. He was again adjudged guilty, and executed by strangulation within twenty-four hours. Such incidents, the notorious corruption of the Chinese magistrates, and the knowledge that torture was universally employed in the Yamens fully justified the Treaty Powers in demanding extraterritorial rights.

That there has been some improvement in judicial procedure in China since the opening of the first five Treaty Ports no-one would deny. But the administration of justice in this country still leaves much to be desired—*far too much* to justify the surrender of the lives and liberties of foreign subjects to Chinese Judges. That the Foreign Governments concerned are not anxious to retain extraterritoriality longer than is absolutely necessary has been shown by the inclusion in the last British, American and Japanese Commercial Treaties of undertakings to assist China in the reform of her judicial sys-

tem and to relinquish their extra-territorial rights when satisfied that "the state of the Chinese laws, the arrangements for their administration, and other considerations" warrant them in so doing. The Chinese Government maintains that these conditions have been fulfilled sufficiently to justify the Powers concerned in fixing a definite date for the abolition of Consular Jurisdiction. In the Memorandum presented at the Versailles Conference it was argued that the adoption of a National Constitution, the preparation of five Codes of law, the establishment of a number of new Courts, improvements in legal procedure, the fact that "the judicial officers of all the Courts, high and low, have received regular legal training," and the reform of the prison and police systems, had produced such satisfactory results that "the reasons for the introduction of Consular jurisdiction into China have ceased to exist." The objections—many of them obvious enough—to Consular jurisdiction were recapitulated, and it was urged that the end of 1924 should be fixed as the date on which consular jurisdiction should be abandoned. Prior to that date, on her part, China undertook to promulgate Civil, criminal and Commercial Codes, and Codes of Civil and Commercial procedure, and to establish new courts in all the districts "which once formed the chief districts of the old prefectural divisions." Appended as exhibits to the Memorandum were translations of the Provisional Constitution, and the new Codes, and lists of Modern Courts, Procuratorates, and Modern prisons already established. In regard to this Memorandum this is what Dr. W. W. Willoughby, Legal Adviser to the Chinese Republic, 1916-17, has to say:

With regard to the foregoing argument of the Chinese Delegation the general observation may be made that in China, to a peculiar extent, there is a difference between the regulations and orders that are formulated by the Government and the results that are actually attained under them. Thus a false impression is produced if the statements are accepted at their full face value that at present Chinese judges are required to be learned in the law, that they are exempt from executive or legislative interference in the execution of their duties of office, and that the national Constitution, now in force, secures to individuals adequate protection in matters of life and property. If the writer at this point may inject a personal opinion it would be that though the abolition of the extraterritorial system is a highly desirable end from the standpoint of the foreigner as well as from that of the Chinese, it would not be well to attempt to do this until it is made certain, as a matter of actual fact,

and not as one of paper regulation or declared intention, that there exists in China a fairly complete body of ascertainable law administered by a system of courts which by reason of the learning, experience, probity and freedom from political or executive interference of their presiding judges commands the confidence of the Western Powers. It is the author's opinion that it is doubtful whether, without foreign aid, the Chinese will be able to create a judicial organization that will actually function so as to satisfy Western requirements."

The Chinese Government desires abolition of the extraterritorial system to be effected by the end of 1924, that is, in four years' time. What facts can it really adduce in support of such a demand? Some progress in the direction of judicial reform was undoubtedly being made during the last few years of the Manchu Regime, but nothing has been done under the Republic to support the demand which was put forward at Versailles. It seems to us amazing effrontery to cite the Provisional Constitution as prescribing "the separation of government powers, assuring to the people their inviolable fundamental rights of life and property and guaranteeing the complete independence and ample protection of judicial officers and their freedom from interference on the part of the executive or legislative powers!" when the Chief Executive of the Republic owes his position to the violation of that Constitution; when no citizen of the Republic has any redress against the persecution and oppression of officials who know no law but "might"; when the Supreme Court of the Republic is itself intimidated by the militarists, and men can be spirited away from the Capital at the whim of a Tuchun residing over five hundred miles away; when foreigners who through no fault of their own are deprived of Consular protection are the victims of every form of persecution and indignity; when, in short, there is hardly an article in the Constitution which is not violated with impunity by the real governors of the nation. When the Versailles Memorandum was drawn up those responsible for drafting it wisely refrained from claiming for the judiciary "freedom from interference on the part of" *the military power*.

It is useless to cite lists of modern Courts which has been established in recent years. Not the establishment, but the functioning of these Courts is the "acid test" of China's sincerity, and we have yet to hear of a single Foreign Consular authority who would be prepared to certify that the manner in which these Courts fulfil their duties justifies the surrender

of extraterritoriality. The same objection applies to the recital of the Codes that have been prepared. They may be quite unobjectionable, but to what extent are they being acted upon? The Provisional Criminal Code has been in force for several years. It contains, among other things, a whole chapter dealing with "Offences Relating to Opium," inflicting penalties ranging from light fines and short terms of imprisonment to heavy fines and five years' imprisonment for smuggling, selling, cultivating, or smoking opium or any of its derivatives. Yet it is common knowledge that most of China's present governors are opium-smokers, that opium cultivation is imposed upon the people in nearly every Province in the country by the military, and that the latter deal in the drug "for purposes of gain," without shame or hindrance. Is not the very essence of the Powers' conditional consent to the abolition of Consular jurisdiction the impartial administration of the law, regardless of the rank and position of the law-breaker?

It is somewhat amusing in the circumstances to find a brilliant young Chinese, who gained great distinction in England, urging the Anglo-Chinese Opium Agreements as a precedent for fixing a time limit for the abolition of Consular jurisdiction. "To stipulate that within a definite period of say five or even ten years, if China shall satisfactorily reform her judiciary in harmony with the Western system," wrote Dr. M. T. Z. Tyau in 1917, "all extraterritorial rights therein will be withdrawn or surrendered, would provide a strong incentive to a people who are doing their utmost to put their house in order. *The efficacy of this provision is amply demonstrated in the opium suppression question.*" We wonder whether Dr. Tyau would dare to cite this precedent to-day. Would he not strike it out from argument altogether, rather than encounter the obvious retort that the opium suppression question demonstrates beyond all cavil, the bad faith of his countrymen when Foreign Powers are foolish enough to trust to Chinese honour to fulfil programmes which they are so skilful in drawing up, so hopelessly incapable of fulfilling?

What most Chinese who write and speak upon this subject fail to realize is that foreigners themselves would be the first to welcome conditions which justified the abolition of Consular jurisdiction. It is the existence of the extraterritorial system which restricts foreigners to residence and trade in a few scores of open ports. The complexities and anomalies of the extraterritorial system are generally recognized and de-

plored. There is not a foreign merchant with any enterprise who will not welcome the day when the whole country is thrown open to residence and trade. To secure such an advantage most foreigners would be willing to take any reasonable risks. The risks attaching to submission to Chinese jurisdiction, however, cannot be considered reasonable at the present time. Consular protection at the moment is not a privilege, but a necessity, without which no substantial business ventures would be seriously entertained by those familiar with existing conditions. The views of British merchants in China were succinctly summed up in a resolution adopted at the first Conference of British Chambers of Commerce in China in 1919, and we may say in conclusion that there is little doubt that if a stable Government were established, the British Government would show itself more than willing to render the assistance provided for in the Mackay Treaty. The resolution read:

That while this Conference sympathizes with the desire of the Chinese to see extra-territoriality abolished, and realizes the benefits that would accrue through throwing the country open to residence and trade, it considers as essential preliminaries to the surrender of extra-territorial rights the establishment of stable government, a satisfactory code of laws and satisfactory arrangements for the administration of such laws, and this Conference suggests that efforts be made to carry into effect the agreement by Great Britain to assist China in reforming her judicial system in pursuance of Article 12 of the Treaty of 1902.

IX.

THE PRESIDENT.

CHINA has had no fewer than five Presidents during the nine years she has been a Republic. Of these only one was legally elected, while two legally succeeded to the office in accordance with the terms of the Constitution. The first President was Sun Yat-sen, a political agitator who had achieved notoriety by reason of the attempt of the Chinese Legation in London to kidnap and transport him to China in 1896. He arrived in China from Europe on December 25, 1911, more than two months after the outbreak of the Revolution, and was elected "President" of the "Republican Government" at

Nanking by the nondescript National Council which had gathered in that City. He had played no part in the Revolution, and his selection as "President" may not unfairly be attributed to the quandary in which the Republicans found themselves when the Revolution was in full swing and no one was willing to accept the rank and title of leader. Whatever may have been felt regarding Dr. Sun in the South it is quite certain that the North would never have submitted to a Government presided over by him. Yuan Shih-kai, who had been recalled from temporary exile in Honan to save the Dynasty, was obviously the only man who could assume the office with any prospect of success. Sun Yat-sen telegraphed to Yuan Shih-kai offering him the Presidency, fifteen days after his own inauguration. From that day it was merely a question of arranging the conditions on which Sun Yat-sen should resign, and Yuan Shih-kai should assume, the Presidency. Yuan was strongly backed by the Northern Generals, most of whom had been his subordinates during the days when he was engaged in organizing the Model Army. But his past record and his opposition to the transfer of the Capital to Nanking aroused considerable suspicion among the Republicans. Yuan's public statements of policy, and the oaths to which he subscribed, left nothing to be desired, but from the very day he assumed office a conflict with the legislature was inevitable. He had been reared in the old school, and though his conduct as Governor of Shantung, Viceroy of Chihli, and President of the Waiwupu showed him to be one of the most progressive officials of the Manchu regime, he had no sympathy with, and no real understanding of, democratic principles. He was generally suspected of recourse to typically oriental methods to break down opposition, or rid himself of inconvenient opponents, and he made no secret of his contempt for the "puerile chattering" of the legislators. In spite of his obvious defects, however, he was the only real ruler China has yet had since the overthrow of the Manchus. He was formally elected President of the Republic by a joint session of the two Houses of the National Assembly, on October 6, 1913, though there is no doubt that this result was achieved by wholesale bribery and intimidation. At the same time General Li Yuan-hung, a well-meaning and scrupulously honest military officer who had been coerced into leading the revolutionary forces at Wuchang, was elected Vice-President at the first ballot, by a majority which left no doubt of his popularity with all

parties. At that time only the section of the Constitution relating to the election and term of office of the President and Vice-President had been passed by the National Assembly; it was dissolved before the whole Constitution, to several features of which the President took strong exception, had been adopted. Yuan Shih-kai, then, was the only President lawfully elected to the position by the Legislature. On his death in June 1916 he was succeeded by General Li Yuan-hung in accordance with the provisions of the Constitution, and the Legislature, which was reconvoked, elected General Feng Kuo-chang as Vice-President on Oct. 30 of that Year. The new President had been to all intents and purposes a State Prisoner in the Imperial Palace from December 1913, to September 1915, when the Monarchical movement was launched. He therefore came into office with little influence or authority, the real power passing into the hands of General Tuan Chi-jui, and the other militarists who were adherents of Yuan Shih-kai. His fight for constitutional government was almost hopeless from the start, and after being coerced into dissolving the Legislature in June 1917, because the Northern Militarists objected to the revised draft of the Constitution, and being compelled to seek refuge in the Legation Quarter as the result of the Chang Hsun *coup*, President Li insisted upon resigning. General Feng Kuo-chang, an unscrupulous militarist of the worst type, then came up to Peking to assume the office of Acting President. He had no control over his fellow militarists, and was unable to dominate the bogus Parliament when it came into being, and undertook to "elect" a new President. The North was still controlled by Yuan Shih-kai's henchmen, and as common jealousies prevented one of their number assuming the office, the choice fell upon Hsu Shih-chang, a scholar of the old type, who had been a Grand Councillor, Viceroy of Manchuria, Grand Secretary and Vice-Premier under the Manchus, and was appointed one of the Guardians of the ex-Emperor on the downfall of the Dynasty.

Hsu Shih-chang was a sworn-brother of Yuan Shih-kai, and had been one of his most trusted counsellors while he was President. He had the reputation of being a good scholar, but inasmuch as he had served as Secretary of State during the period when Yuan Shih-kai was governing the country without a Parliament, and was supposed, as Guardian of the ex-Emperor to "kowtow" in the presence of his ward, he was hardly likely to be regarded in the South as a champion of democracy.

Events can hardly be said to have created any belief in his fitness for the office which he still holds. The one—the only decisive—act to his credit during his term has been his order to burn the Shanghai opium stocks, thus, to the best of his ability, atoning for the infamous conduct of his predecessor, who had saddled the nation with the cost of this opium. In almost every other emergency President Hsu has revealed himself as the puppet of whatever military clique has happened to be in power. He has had no authority whatsoever over the Northern Tuchuns and militarists, who have been able to bend his will to theirs again and again. President Hsu has issued what must now amount to many volumes of Mandates, couched in admirable language, and expressing sentiments which are wholly laudable, but for all the effect they have exerted upon the administration, of the country he might as well have devoted the time occupied in drafting them to his favourite hobby of writing poetry. Whether he has any greater sympathy with democratic principles than his late "sworn-brother" may be considered doubtful. To his indecision and submissiveness to military dictation are due many of China's present troubles. A President with any strength of character would either have imposed his will on his subordinates, or resigned, and left to them the responsibility for ruining their country. President Hsu has clung stubbornly to an office to which he was illegally elected, by a bogus Parliament; he has shown himself as pliable as clay in the hands of the militarists who put him into power; and recently, he has flounted popular opinion by retaining as advisers, and admitting to the Palace, men whose very names are execrated throughout the country. That greater public hostility towards him has not been manifested is due to the fact that it is common knowledge that he is not a free agent. He does what he is told, how he is told, and when he is told, by the predominant politico-military clique. Indecision and procrastination have led to the postponement of the one step by which China might possibly have been reunited until it is too late to be effective. And though frantic efforts are now being made to bribe or cajole the recalcitrant Provinces to submit to Peking, it can no longer be considered likely that the new Parliament representing the whole nation will be elected, and will assemble in the Capital, during the current year. If the attempt to reunit China by this method had been made in 1918, if President Hsu had accepted "election" from the Tuchuns' Parliament only upon condition that

a legal Parliament should be elected without delay, the worst of China's troubles might have been overcome two years ago. There is, we fear, little to hope from any steps which may now be taken by a President whose vacillation has become a byword throughout the country.

X.

RAILWAYS.

WHEN China became a "Republic" there were approximately 3,000 miles of State Railways in operation. At the end of 1919 the mileage of State Railways in China had been increased to 3,755. In other words 775 miles of State Railways had been opened to traffic during the first eight years of the Republic Compared with what had been achieved during the eight years preceding the overthrow of the Manchus this is a very poor showing. About 1,460 miles, or nearly double as many miles of State Railways had been constructed and opened to traffic between 1903 and 1911. Little therefore has been done to redeem the promise that the improvement of China's communications would be one of the main tasks of the Republic. For this it would be unjust to hold the Chinese Government entirely responsible. Railway construction on a large scale, which had actually been arranged for with foreign financial groups, received a serious set-back as a result of the Great War, which not only made it impossible to float the necessary loans in foreign markets, but rendered it difficult to import the rolling stock, and other material necessary to keep existing railways in effective operation. Rails, locomotives, wagons and other materials could only be secured in small quantities, and at greatly enhanced prices, and it is only fair to emphasize that the development of existing railways to their full working capacity has been seriously retarded through these causes.

The Railway Department of the Chiaotungpu is one of the few Government Departments which are not under foreign executive control that have made substantial progress under the Republic. This is due to the fact that the services of many foreign experts have been retained, and actually used, during the past few years. From time to time reactionary or incap-

able Ministers have been appointed to the Chiaotungpu, who have succeeded in a few weeks in destroying the work of many months. But China has undoubtedly benefited from her reliance on foreign expert advice and assistance, and the annual railway statistics, which are now prepared on a uniform basis for all State Railways have shown progressive improvement. At the end of 1919 the Government investment in State Railways amounted to $174,843,456, and a final average profit of $4,647 per kilometre of line for the year was recorded. The result of the year's working was a surplus of $34,449,392, and all the State lines showed a profit on working except the Shanghai-Hangkow-Ningpo Railway, the Canton-Kowloon Railway, the Changchow-Amoy Railway, and the Ssupingchieh-Tsengchiatun line. The most substantial profits were those yielded by the Peking-Hankow and Peking-Mukden lines, which amounted to $15,504,453 and $12,631,709 respectively, or over seventy per cent. of the total surplus.

Wise expenditure of the railway surpluses during the past few years would have enabled the Government to construct many hundreds of miles of railway in undeveloped areas of the country. Unfortunately this is not the purpose to which they have been applied. Relatively little has been spent upon new construction, the bulk of the surplus each year finding its way into the national treasury, to be wasted upon administrative and military expenses. And large sums which ought properly to have been credited to the railways have been appropriated by the Tuchuns and their friends, while enormous damage has been done to rolling stock and permanent way by military interference. The official statistics show what can be accomplished, even under the most adverse conditions, by the provision of modern transport facilities in China, and justify the belief that railways will afford a most promising field for foreign investments for many years to come. So long, however, as China borrows money for railway construction abroad, foreign expert supervision of construction, operation and accounting must be regarded as a *sine qua non*, if the maximum efficiency is to be attained. The unsatisfactory results of the Shanghai-Hangchow-Ningpo line are undoubtedly attributable to initial waste and blunders resulting from the decision to construct it without foreign aid. And recent revelations regarding the Kin-Han Line show that no reliance can be placed upon schemes for the financing of the replacement of bridges, etc,

when the funds remain in Chinese hands. They are diverted, without hesitation, to the support of the political faction to which the Managing-Director happens to belong.

One of the main factors in bringing about the 1911 Revolution was the decision of the Central Government to take the construction of trunk lines out of the hands of provincial companies, and to build and operate them as State railways. There can be no two opinions as to the soundness of this policy. Apart altogether from the desirability of operating the trunk railways as complete systems, regardless of Provincial boundaries, past experience has not justified any confidence in the efficiency of railways constructed and operated by Provincial companies. They seldom pay; they frequently have to seek aid from foreign capitalists, involving a mortgage of the line, in order to complete construction or continue to operate. Only one of them (the Sunning Railway) has really proved a success. And now that efforts are being made to standardize construction, maintenance and operation, it is most desirable that every railway projected and under construction should be treated as a link in the State system. The days of foreign concessions (i.e. of railways financed, built, operated and *controlled* by foreigners) are over. The Chinese people are never again likely to submit to the creation of new spheres of foreign political control by means of railway construction. The Consortium, if Sir Charles Addis's hopes are realized, will put an end "for ever to the mischievous and even dangerous system of spheres of influence and spheres of special interest in China" and ensure international co-operation instead of competition, in railway development, as well as in other schemes of economic reconstruction. And such concessions as China may have to make to safeguard the interests of foreign investors should be more than compensated for by the elimination of political interference and control as the result of railway construction. The old system, which Sir Charles Addis denounced, has undoubtedly had a deplorable effect in retarding the development of communications in China. Every fresh contract entered into by any foreign financial group was carefully scanned by competitors, who sought to establish some prior claim to the right to construct all or part of the projected lines. Protests were filed by parties who had no reasonable expectation of being able to undertake the work in question, even if their claims were upheld. And this dog-in-the-manger attitude indefinitely held up several projects which

would have been of immense benefit to China and to foreign trade. There will be more than sufficient scope for every Power whose nationals can undertake the manufacture of modern railway material, and the construction of railways, in China, for many years to come.

But here, again, entire reliance ought not to be placed upon foreign gold. The State railways of China yield a large annual surplus of which a substantial portion at least should be earmarked for use on new construction. The railways ought not to be regarded merely as milch-cows by the Government. Every dollar invested in new construction will assist in the development of trade and the improvement of the condition of the people, thus directly and indirectly augmenting the resources upon which the future Government of China will be able to draw. North China is well off for railways compared with other portions of the country, particularly the Southern and Western Provinces. Yet the present famine has revealed the fact that transport facilities are quite inadequate for the needs of the population. A famine in India would not be regarded as a very serious problem, when the areas adjoining the afflicted districts all reported bountiful crops. India, with an area of not much more than a third of that of China and her dependencies, already has 36,600 miles of railway and over fifty thousand miles of metalled roads. China possesses to-day only 6,813 miles of railway (including foreign Concessions) and only a few scores of miles of metalled roads outside the Treaty Ports. Outside of Africa, there is no other State in the world where communications (waterways in some areas excepted) are in such a backward condition at the present day.

XI.

DIPLOMACY.

IT is by no means easy to reach a definite conclusion as to the success or failure of Chinese diplomacy under the Republic. So many different factors have to be taken into consideration; so many allowances have to be made for developments for which neither the Chinese Government nor the Waichiaopu can justly be held to blame. In many respects the Republic has been better served by its diplomatic officials than by any other class; on the other hand what

has been a good case has all too frequently been converted into a bad one by the stupidity, avarice or lack of patriotism of the highest officials of the Government. At the end of nine years of Republican rule China still awaits a final adjustment of her relations with three States whose territories are contiguous to her own. Great Britain has from time to time, without result, pressed for a definite settlement of the status of Tibet. The future status of Mongolia, which Russia attempted to define in a series of agreements following upon the revolt of the Mongols against Peking in 1911 will almost certainly remain a source of friction for some years to come, as the result of the collapse of the Russian Empire, and China's reassertion of unfettered sovereignty over Outer Mongolia. While between China and Japan periodical friction must be expected until the status of the three Eastern Provinces, and of Shantung has been finally settled.

Like the Manchu Government, the Republic has lacked the strength successfully to defy the demands of any determined Power. The old ruse of playing upon international jealousies—pitting one Power against another and benefiting when possible from their difference—has not worked so successfully of late. In the early years of the Republic few of the great Powers showed any disposition to pull China's chestnuts out of the fire for her; more recently the Great War so completely absorbed the energies and interests of Europe and America that Japan had virtually a free hand in the Far East. She would never have dared to present the notorious Twenty-one Demands, much less to enforce their acceptance by an ultimatum, if Europe and America had not been so preoccupied with the struggle between the Entente and the Central Powers. Remonstrances were almost certainly addressed to Tokio from London and Washington in 1915, but the most that they effected, or that they could be expected to effect, was the suspension of the most obnoxious demands comprised in Group V. Japan would have had things even more her own way if China had not formally declared war upon the Central Powers in 1917. This step, which was taken solely as a matter of expediency—conscience or conviction had nothing to do with it—gave China a seat at the Peace Conference, and enabled her representatives to put up a vigorous contest against Japan's pretensions. At Versailles, however, the Chinese Delegates won much sympathy, but little else. The folly of their superiors at Peking had undermined contentions which would otherwise have been

unanswerable. The Chinese Government was found to have conceded of its own free will only a few weeks before the Armistice, certain privileges to which Japan's original claim had been established by coercion. And not only at Versailles, but in almost every Sino-Japanese issue, the folly of Peking has been found to have played into Tokio's hands. The so-called Military Pact, of which the present Premier was one of the signatories, and the cancellation of which has yet to be effected, has constantly operated to China's detriment. The Shantung Railway Agreement of September 24, 1918, which China now endeavours to repudiate, but on the strength of which the Peking Government received an advance of ten million dollars, seriously prejudiced China's claim to the unconditional restoration of Shantung, at Versailles. A preliminary agreement for the construction of four additional railways in Manchuria and Mongolia, concluded on the same date, must serve to consolidate Japan's position in the Eastern Provinces. And to take a more recent instance of the difficulties with which Chinese Diplomats have to contend, there is the sack to Hunchun, involving the destruction of the Japanese Consulate there—the direct result of the negligence of the Provincial Military Authorities, who received repeated warnings of the imminence of a Hunghutze raid.

China has been well-served by her Ministers in the principal European Capitals and America. She has been represented by unusually capable diplomats, who have succeeded in presenting her claims convincingly, and in creating totally erroneous ideas regarding the real situation in this country. If they have not, as Diplomats are commonly supposed to be, been sent abroad to lie for their country, they have certainly been expected to do their best for it, and they have succeeded to a very remarkable degree in leading all with whom they have come into personal contact to view the condition of their country through rose-coloured spectacles. The China of which their friends and acquaintances in Europe and America hear from their lips, or read about in interviews which they grant to enterprising journalists, bears no resemblance to the China as we know it. The widespread sympathy which China enjoys abroad is based to a large extent upon delusions. Those of us living in the country who have espoused China's cause against external aggression have done so, not because of the worthiness of the Government, or the promise of the Republic, but on grounds similar to those so graphical-

ly expressed in the American slang phrase which compares mean actions to "stealing candy from a kid." It is the helplessness of China under the officials who have come into power with the Republic that demands our sympathy; if they could really be regarded as the best that China could produce we should be inclined to say that China was only getting her deserts, whatever humiliations she suffered at the hands of Japan or any other Power. But China is a striking instance of a nation which has not had the Government it deserves. The admirable qualities of the people—peace-loving, industrious, patient, uncomplaining under the most adverse conditions—are certainly not manifested in their "republican" rulers, the militarists and political agitators who heartlessly oppress them, and make an industry of civil war.

In the circumstances it is not surprising that there is an air of insincerity about Chinese diplomacy. One might cite numerous examples, which are the more astonishing because in almost every instance China was upon her mettle, so to speak to rebut the sneers of her critics. She entered the war, as we have stated, on grounds of expediency alone. The Government then in power was satisfied that America's intervention—the placing of all her resources at the disposal of the Entente Powers—removed all doubt as to the ultimate defeat of the Central Powers. It was quite plain that China would be of little or no service to her new Allies from the military point of view. She saw an opportunity of securing certain material advantages, including the suspension for five years of Boxer Indemnity payments to the Entente, the repudiation of her obligations to the Central Powers, the reversion to her sovereignty of the enemy Concessions, and a seat at the Peace Conference when the day of reckoning arrived. When these benefits were assured one might have expected her officials to regard it as a point of honour that nothing should expose them to the reproach that, apart from her military impotence, China fell short of the expectations of her Allies. Yet what did we find? An immediate scandal in regard to the disposal of enemy shipping. Definite assurances had been given to the Allied Governments in regard to the disposal of enemy ships in Chinese ports. They were to be placed at the disposal of China's Allies on terms favourable to the Chinese Government. Yet the ink was hardly dry on China's declaration of war when Tsao Ju-lin

and his friends chartered these ships to a Sino-Japanese shipping Company, whose only concern was to handle them as profitably as possible. Hard on this act of perfidy came the conclusion of a contract by the Minister of the Navy for the erection of German-made wireless stations throughout the country. On December 11, 1917, the British Minister at Peking, acting on behalf of the Allies, found it necessary to protest against the participation in the birthday celebrations of Dr. Gilbert Reid "a person notoriously working in the interests of the enemy, and against whom precautionary measures have already been adopted" of a number of highly placed Chinese officials. The obstruction encountered to the very last moment regarding the internment and deportation of enemy subjects, many of whom were implicated in passport frauds and were openly working against the Allies, will be remembered by all of our readers who were in North China at the time. If China's officials deliberately undertook to demonstrate their insincerity, they could hardly have done more that was detrimental to Allied interests.

The same insincerity has been revealed more recently in connection with the Anfu refugees in the Japanese Legation. We take the view that the action of the Japanese Minister in extending his hospitality to "little" Hsu and his colleagues was improper, and undesirable. But the able protests against this abuse of the privilege of asylum, which have been addressed to the Japanese Legation by Dr. Yen, serve only to convince the public that the proscription of Anfu leaders is confined to those who have availed themselves of Mr. Obata's hospitality. Their associates who remain in residence outside the Legation Quarter in Peking have not been molested in any way; some of them are still retained as advisers by the President. It is impossible, in these circumstances, to attach any real importance to the Wai-chiaopu's communications. Obviously they were written solely for the purpose of placating public opinion; it was never hoped or expected that they would produce the slightest effect upon their recipient.

XII.

FOR the most part the diplomacy of the Chinese Republic has been, through force of circumstances, defensive.

A Great Power determined to extract some concession, or to compel China to settle an incident according to its wishes, could always get its own way by applying sufficient pressure. And if the battle for Concessions and the scramble for leased territories had been postponed for fifteen years or so, China would have had no redress, however drastic the demands of the foreign Powers. Fortunately for the Republic the democratic experiment inaugurated in 1912 has been watched with sympathy by the Anglo-Saxon Powers and France. Russia was satisfied after creating what she regarded as a buffer state in Outer Mongolia. The only State from which China has had anything really to fear during the past nine years has been Japan, whose Government viewed the Republican experiment with disfavour. The preoccupation of the other Treaty Powers in the great war gave her opportunities which are never likely to recur to work towards the realization of her ambitions in China, but even though she delivered an ultimatum in May, 1915, Japan hesitated at the last moment to flout foreign opinion by pressing for the unconditional acceptance of Group V of the Twenty-one Demands. The Chinese Government was powerless to resist the pressure applied to it in 1915, though it subsequently made matters much worse by voluntarily signing the agreements which have already been referred to. Yet it may be doubted whether Japan has really profited by the aggressive policy she has seen fit to pursue towards her neighbour. She has succeeded as no other Power has succeeded in incurring the hostility of the Chinese nation, and has paid dearly already—and the score is not yet settled—for the blunders of which her Government has been guilty since 1914. Notwithstanding the Chinese Government's impotence when pressure is applied, other Powers, noting the capacity of the people when roused for prolonged and effective passive resistance, are likely to pause before committing themselves to a policy which may inflame Chinese opinion.

Passive resistance has also been employed by the Government itself when dealing with Powers who were unlikely to resort to extreme measures to gain their own way. The Tibetan question, which remains unsettled to this day, is a case in point. Negotiations have again and again been postponed on various pretexts, because the British Government has studiously refrained from anything in the nature of coercion, at Peking.

On the occasions when the Chinese Government has adopted active in preference to passive diplomacy the results can hardly be considered satisfactory to herself or the Treaty nations. She came into the war half-heartedly, and allegedly under some foreign pressure. Her officials gave the impression almost to the last moment that they were fearful that they had "backed the wrong horse," and were anxious to "hedge." Her diplomats presented her claims ably enough at Versailles, but found that the ground had been cut off under their feet by previous agreements between certain of the Allied Powers, and by the ineptitude of her own officials. More recently, without any previous intimation of its intentions, the Government withdrew recognition of all Russian Diplomatic and Consular officials, took over the Russian Concessions at Hankow and Tientsin, and suspended Russian extraterritorial rights. Theoretically there was much to be argued in favour of some of these measures, but in practice the result is likely to be an incontrovertible demonstration of the unfitness of the China of to-day to assume jurisdiction over foreigners within her borders. If the friendly Powers had been consulted, and their advice as far as practicable followed, when it had been decided not to recognize the Russian Diplomatic and Consular officials, some scheme might have been devized which would have formed a precedent for the transition phase of the general abolition of extraterritoriality. But the Government chose to disregard the wishes of the other Treaty Powers, and to ignore their subsequent representations. And the results, so disastrous to the Russians, will harden the hearts of foreign Governments against any appeals in the near future for definite undertakings in regard to the abolition of consular jurisdiction. A chance to demonstrate what might have been achieved by friendly foreign co-operation has been thrown away by the intolerance of Chinese officials who will not recognize that actual tests of their ability to fulfil their pledges, not elaborate and unworkable paper schemes, alone can convince the world of China's fitness to acquire full sovereignty over foreigners within her territory. The memorandums submitted to the Allied representatives at Versailles, relating to the renunciation of spheres of influence, withdrawal of foreign Post Offices and agencies for wireless and telegraphic communications, abolition of Consular jurisdiction, relinquishment of leased territories, restoration of Foreign Concessions and

Settlements, and Tariff Autonomy, will repose in the pigeonholes of the various Foreign Offices until circumstances warrant serious discussion of the problems they raise

One cannot, of course, blame Chinese diplomats for endeavouring to place their Government in the most favourable light before the civilized world. Many of them have themselves been educated abroad, and have resided abroad for so long that they have completely lost touch with the actual situation in their native land. They speak of the Government of China in terms which completely mislead their hearers as to the realities. No-one who has not lived out here recently, and seen for himself the actual condition of the country, can really understand how nine years of so-called Republican rule have disorganized the administration. Such progress as has been made has been made in spite of, and not because of, Republican Government. The sympathy which China enjoys abroad is entirely undeserved if the Government is its object. China's recent diplomatic triumph at Geneva, when her representative was elected to the Council of the League of Nations is likely to yield still further opportunities for deluding the European public. Like the proposal to elevate the Legations of the leading Powers at Peking to Embassies, it is calculated to confer on the Chinese Government a status it has done nothing to deserve. The idea of a Tuchun-ridden Cabinet at Peking, which has no real control over a single province in the country, acquiring a voice in the Councils of the League of Nations seems grotesque. China's record in regard to the opium question, alone, in which the League is specially interested, must render it impossible for any undertakings given by her representative to be taken seriously. Press and public may be deluded by her diplomats, but the European and American Foreign departments, which should be better informed, can hardly be deceived by glowing pictures of a Utopia in the Far East which exists only in the imagination of China's diplomats.

XIII.

REMEDIES.

AN effort has been made in previous articles to emphasize the salient facts about the situation in China to-day. It

is not suggested that it is possible in the course of a newspaper survey to deal exhaustively with China's difficulties, and the shortcomings of the Republic. All that was desired was to rebut some of the many false ideas current in Europe and America regarding the China of to-day. Volumes might be written on the failures of the so-called Republic, and equally voluminous reports might well be prepared detailing the progress which has been made since 1911 by the nation in spite of the shortcomings and ineptitude of its Government. The outstanding feature of China's troubles to-day, as we have repeatedly emphasized, is militarism. The concentration of power in the hands of the Tuchuns, the steady expansion of their Armies, their defiance of the Central Government and of the laws of the land, their heartless extortions both from the Provinces and the Central Government, have brought the country to the verge of bankruptcy, and served to foment internal dissensions in which the masses have no part or interest. The nation itself is not, and never has been, really divided. There is no animosity between the people of Kwangtung and the people of Chihli, between those of Yunnan and those of Manchuria. Indeed, with the exception of the Tuchuns and a handful of political agitators, every Chinese would rejoice in a restoration of internal peace, whatever the *form* of the government. A Republic, as we have seen, is not brought into being by the mere fact of overthrowing a Dynasty. It is not the form of government that matters to-day, but the manner in which it functions. The Chinese Republic, so far, has proved a complete fiasco. The Manchus, at their very worst, never made such a mess of governing China as their successors. They were, indeed, committed to, and actually endeavouring to carry out a well thought-out programme of constitutional reform when a thoroughly sound scheme for the nationalization of trunk railways brought about their downfall. There is every reason to believe that if the Dynasty had remained in power China would have advanced very much further along the paths of real progress than she has to-day. Absolutism would have given place to constitutional rule, and the prestige and authority of the Throne would have rendered the concentration of power in the hands of Provincial militarists impossible. If the form of government were the only consideration, the restoration of the Manchu Emperor, as a Constitutional Monarch would undoubtedly offer the most promising solution of China's troubles. Is such a restoration practicable, to-day? Chinese politicians, whose

vocal efforts drown those of every other section, tell us it is not. They foam at the mouth at the very suggestion of such a "retrograde step." If it were possible, however, to submit the question to a national referendum, without coercion or corruption on either side, we believe that 95 per cent. of the population, if not more, would record their votes in favour of an Emperor. They would do so, not on the respective merits of a Monarchy or a Republic, but because government by an Emperor is a thing they understand, while Republican rule has been manifested by oppression, spoliation, and extortion on an altogether unprecedented scale. Taxes were never so high, lives and property were never held so cheap, as they are to-day. And so far as any effort is made to analyse cause and effect, popular superstition associates the woes of the past nine years with the overthrow of the "Son of Heaven."

The people of China are unlikely to have an opportunity to make their voices heard on this question, and if a restoration were attempted it is probable that civil war would break out anew between North and South. Armed coolies who cared nothing for the great "principles" at stake would be mustered on either side to battle for ideas they did not comprehend. And the Emperor would have to wade to the Throne through the blood of thousands of his subjects. However desirable, therefore, a Monarchical restoration may be in theory it is unlikely to be carried through successfully at the moment. Is there no other way in which China can extricate herself from her difficulties? We very much doubt whether, the Chinese would show themselves capable of self-government even if the military menace were overcome. The 1912-13 Elections brought into office a majority of legislators who had no experience, and no ability to perform the duties expected of them. It may be doubted whether even a most sympathetic President could have governed with such material. If new elections be held now in accordance with the President's instructions it may be regarded as certain that men of much the same type as those who were elected to the 1913 National Assembly will be chosen —professional politicians, whose avarice, corruption and intolerance became a byword throughout the country. Yet there is no other constitutional means of solving China's troubles. And it is at least possible that if a new Parliament were convoked, tried, and found wanting, the alternative of a Constitutional Monarchy would find general support. The members of the 1913 Parliament not altogether unreasonably claim

that it failed first because it fell foul of an autocratic President, and again because of military coercion. If it were possible to give the Legislature a fair trial without Presidential or military interference, the result might be different.

There are two great obstacles to such a test: militarism, and the irreconcilable attitude of the Southern agitators. The latter, as has been previously pointed out, are so jealous of constitutional principles that though themselves self-appointed and possessing no popular Mandate, they insist upon peace by negotiation with the no more constitutional Northern Government. They obviously want to impose items which will assure them of no small share of the political spoils if China be reunited. Their demands need scarcely be taken seriously if the other obstacle can be removed. It is a far more serious one. We can well imagine a prospective Senator or Representative of one of the Southern Provinces asking himself what possible guarantee can be secured that will prevent Parliament once more being trampled under foot by the Tuchuns if the latter's wishes are not studied. Apart from the question of personal risk, he may well inquire what purpose will be served by resuscitating the Legislature in a Capital where President, Government and Parliament will be completely at the mercy of the High Inspecting Commissioners of Manchuria and Chihli, Honan and Shantung and their subordinates? It is not an unreasonable query. And so far as one can see, the only solution likely to prove satisfactory is to convene Parliament, for the time being, in some centre where it will be free from coercion and interference. There would be no difficulty in transferring it to the Capital later, if experience showed that the Tuchuns were willing to recognize its authority, and submit to its decisions. Shanghai, or even Nanking might be tried as the temporary venue of the new Parliament. Considerable inconvenience would, of course, be caused by the necessity for members of the Government to be present while the Legislature was in session. But unless some other scheme can be devized by which the safety and independence of the Government and the legislators can be assured, the convocation of a new National Parliament in Peking must be considered out of the question. A few months, at most, should suffice to show whether Parliament or the Tuchuns are to rule. And if the question is decided in favour of the former, the obvious objections to Peking as the meeting place of the Legislature will disappear.

XIV

REMEDIES.

(Continued)

WE have expressed the opinion that the first practical step towards the reunion of China is the convocation of a Parliament representative of the entire nation, at some centre where the legislators will not be exposed to coercion or violence from the Tuchuns. But while this is the obvious solution of China's internal dissensions, we entertain serious doubts whether, even if a Parliament representative of the whole nation could be elected and convoked, much good would be accomplished. The issue of the inevitable struggle between the legislators and the militarists is by no means certain. And if Parliament won on this occasion it by no means follows that it would show itself capable of producing a Government that would reorganize the Central and Provincial administrations in a satisfactory manner. The average Chinese politician becomes hysterical with rage at the mere suggestion of any extension of foreign supervision in the financial or any other sphere. He invariably maintains, notwithstanding all the evidence to the contrary that has accumulated since 1911, that the Chinese are perfectly capable of self-government, that foreign advice or assistance is not required and will not be tolerated, and that all the corruption and oppression that have characterized the rule of the Republic are attributable to the suppression of parliamentary government. There will doubtless be a leavening of honest and capable men in the new Legislature, but it may be regarded as certain that these will be in the minority, and that the decisions of the new Parliament will be dictated in future, as in the past, by those whose avarice and corruption are notorious. Even if the legislators were paid the preposterous salary which they voted themselves in former years, most of them would not recoup themselves for their personal electioneering expenses. A regular trade would once more spring up in votes, and Parliament would again be debauched by the political cliques which have large funds at their disposal.

The Legislature, however, must be given a fair trial before final judgment on the practicability of republican government for China is pronounced. And the tasks which lie before it are such that it should be treated with sympathy and forbearance by the Chinese and their foreign friends. The plight to which the country has been reduced by nine years of republican misrule is such that the most capable statesmen of any country might well shrink from assuming responsibility for reorganization and reconstruction. The remedies for certain ills are obvious, but in many instances will be found impracticable owing to China's foreign treaty obligations. And where efforts are made to secure a modification of these obligations in China's favour, she must expect, in view of her record during the past nine years, to encounter scepticism and opposition even from those Governments which really wish her well. The financial difficulties of the country, for instance, could be overcome in a few years, if the present uniform import duties could be replaced by a scientific customs tariff. The difficulties which were experienced even in securing revision of the present Tariff to bring it up from an actual 4 per cent to the Treaty standard of 5 per cent. suggest that there is little immediate hope of China's securing tariff autonomy. The injustice of the present system, by which China is compelled to levy a uniform *ad valorem* import duty on luxuries and necessities, raw materials and manufactured articles, is manifest. Yet it is plain that the results of allowing China complete tariff autonomy during the past ten years would have been disastrous. If the Government had possessed any real authority over the country it would long since this have taken advantage of the provisions in the British, American and Japanese Commercial Treaties which provided for the abolition of likin, and the raising of the import duty to 12½ per cent.

With some of the more urgent of China's problems, financial, military, and political, we have attempted to deal in previous articles in this series, and it is not our purpose, here, to attempt to draw up a detailed programme for the reorganization of the government, and the development of a sound political system. A modest effort of this character was embodied in a series of articles which appeared in these columns two years ago under the title of "Reconstruction in China." Many of the remedies therein suggested would, we think, be applicable to-day. But the large measure of expert foreign co-operation which was then suggested is just as distasteful to

the Chinese now as it was then, though the conditions of the country have grown immeasurably worse. We wait, and apparently wait in vain for any signs that the regeneration of China is being achieved from within. And as the months pass, the difficulties of effective foreign assistance increase. Tuchuns wax fatter and more insolent, and treat foreign representations with increasing truculence. The Peking Government becomes more impotent. One financial emergency is surmounted only to bring a worse crisis in its train. Sound advice is rejected or completely ignored, while the ship of State drifts nearer and ever nearer to the rocks. The chances of that ship being steadied on a safe course in the near future cannot be considered hopeful. It seems more likely to become a wreck, which will require the attention of foreign salvage experts. And unless the latter can be induced to work with greater harmony and efficiency than proved possible in the past, it will be a very crazy, unseaworthy vessel that will eventually be refloated.

It is doubtful whether China can be saved from the disaster towards which she is heading, by foreign aid. International jealousies on the one hand, and Chinese suspicion of the *bona fides* of certain foreign Governments on the other, make it very difficult to devize any concerted action which would help her out of her difficulties. She has experienced too much injustice at the hands of certain of the Treaty Powers to regard their advice or action as disinterested. The self-conceit of her statesmen and the truculence of her militarists make well-meant offers of aid futile. Yet if the present Government, impotent and incapable though it be, should collapse, the Treaty Powers may find themselves compelled to take some action to protect their legitimate interests, and avert widespread anarchy. It must be considered unfortunate in this connection that Japan who would otherwise have unique opportunities for helping China, has provoked the hostility of the people, and incidentally, aroused serious doubts in the minds of Western Governments as to the value of her pledges to abstain from unnecessary interference in the domestic affairs of the populations on the continent of Asia. After the sequel to the rescue of the Czecho-Slovaks in Siberia, the mere hint of Japanese intervention in China is certain to arouse passionate hostility in this country, and serious apprehension in the West. Japan, on the other hand, is certain to oppose conceding to the nationals of any

other Great Powers the positions of mentors to China. The extent to which any form of foreign intervention, short of brute force, would prove helpful is very doubtful. Proposals of foreign aid in the reorganization of China's finances would undoubtedly be hotly resented in Peking. Joint representations to the heads of the quarrelling factions merely result in more violent recriminations. A comprehensive scheme for financing China to an extent sufficient to enable her to disband her armies, wipe out her other foreign obligations, and enforce some of the more urgent administrative reforms must be considered impracticable while Europe and America find it hard to raise sufficient revenue to carry the appalling burdens imposed upon them by the war. Foreign support, financial or moral, of one faction against another is no more likely to succeed in China than in Russia. Foreign military expeditions against the Tuchuns are of course, out of the question. China can, in short, only be usefully assisted from abroad when those who claim the responsibility for governing her are in a much more receptive mood than they appear to be to-day; when, instead of seeking by every means, open and underhand, to rid themselves of those foreigners who have served them so faithfully and so well, they show themselves ready to accept further expert assistance. That day may not come until the complete bankruptcy of the present administration, political as well as financial, can no longer be concealed. Then, at last, the truth which they now so strenuously deny and attempt to conceal may be frankly admitted. We have endeavoured to reveal a little of it, in no hostile spirit towards the Chinese people, in these articles. If the whole were to be told, if all the misery which the so-called Republic has inflicted upon the people of China could be revealed we "suppose that even the world itself could not contain the books that should be written."

[The End]

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